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C O N F I D E N T I A L SECTION 01 OF 04 MEXICO 000695

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SUBJECT: MEXICO'S PRI PONDERES A PERILOUS FUTURE

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[C](#). MEXICO 544

Classified By: POLITICAL MINISTER-COUNSELOR CHARLES V. BARCLAY, REASONS
: 1.4(B/D).

[1](#)1. (C) Summary: A divided and debilitated Institutional Revolutionary Party (PRI) will conduct internal elections on February 18 to select a new party President and Secretary-General. While five slates of candidates are

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contending for the party leadership, only two have any real chance of victory: those led by former Tlaxcala Governor Beatriz Paredes and former Senate President Enrique Jackson. The shrewd, charismatic Paredes is universally seen as the front-runner, in large part because of her skill in sewing up the support of most of the party's power brokers. Whoever prevails will face the difficult task of forging party unity, defining a clear party identity and ideology, and positioning the party for upcoming state races as well as the 2009 midterm elections. Unless the new party leadership succeeds, the once invincible PRI risks sliding towards irrelevance, if not outright oblivion. End summary.
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Party of the Past Voting For Its Future

[1](#)2. (U) On February 18, the PRI's approximately 17,700 national political counselors will turn out at polling places across the nation to cast their secret ballot for the party's new President and Secretary-General, replacing outgoing President Mariano Palacios and Secretary-General (and Senator) Rosario Green. The five presidential candidates are Beatriz Paredes Rangel, a former Tlaxcala Governor, Senator, Deputy, and PRI Secretary General; Enrique Jackson Ramirez of Sinaloa, a former Senate President and federal Deputy; Sergio Martinez Chaverria, a former Deputy and aide to ex-presidential candidate Roberto Madrazo; Javier Oliva Posada, an academic and former Madrazo chief of staff; and the little-known Alejandro Garate Uruchirtu.
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[1](#)3. (C) Only Paredes and Jackson are considered serious candidates. In fact, with one week until the balloting, both the polls and the pundits suggest that Paredes enjoys a clear advantage. A Mitofsky poll, published January 31, revealed that 31% of PRI counselors favor Paredes, to 13% for Jackson, with less than 1 percent for the three minor candidates

combined. Virtually all of our PRI contacts concur that Paredes, and her running-mate, former Hidalgo Governor Jesus Murillo Karam, has the race all but won. Dark horse candidate Martinez told poloff that the momentum was clearly with Paredes, who enjoyed both the political and financial support of most of the 17 PRI state governors. PRI Senator Eloy Cantu agreed, telling poloff that Senate President Manlio Fabio Beltrones, former President Carlos Salinas, and former presidential candidate Roberto Madrazo all supported Paredes, as did approximately one dozen of the party's 17 governors, including the all-important Governor of Mexico State, Enrique Pena Nieto. He said that at most 4 of the 17 governors supported Jackson, as would Chamber of Deputies leader Emilio Gamboa, and the ever influential head of the national teachers' union, Elba Esther Gordillo. (Note: Gordillo herself was expelled from the PRI last year but retains influence over the large number of teachers' union members who remain party members. End note.) Cantu added that most PRI-affiliated labor organizations and corporatist sectors favored Paredes.

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A House Divided

14. (C) Even if neither Martinez nor Posada stand a chance of winning, their candidacies send a clear message about the level of discord within the party. Both are longtime PRI apparatchiks who built their careers by diligently working within the system and supporting the party's leaders. They represent competing members of a younger generation of PRIistas which feels shut out of the party's higher ranks, and who argue that the party will only be able to restore its electoral luster through the leadership of younger, untarnished leaders. Indeed, with Martinez having served as Madrazo's presidential campaign spokesperson and Posada as

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his chief of staff, both feel aggrieved that having worked hard for the party's former leader and presidential nominee, they were not even offered spots on the party's legislative lists. With the party holding ever fewer offices, the younger generation sees little hope of succeeding party old-timers in the near future.

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Either Way a Pragmatist Wins

15. (C) Although the competition between Paredes and Jackson is hard fought, they do not offer strikingly different options, with both representing the generation of 50 year pragmatists that have held power in the party for years. For her part, Paredes cultivates an iconoclastic image: the scion of a mestizo political family, she dresses in indigenous attire, creating the impression that she hews to the PRI's populist, rural-oriented left flank. Appearances aside, she is very much a mainstream, establishment politician, skilled at working within the system: it is widely believed that President Calderon offered her a cabinet position, but that she turned it down, considering it an insufficiently prominent position. Jackson is considered to represent the more pro-business, northern wing of the party. Many see him as a relatively mild-mannered conciliator: Maria Elena Orantes, a Senator from Chiapas, told poloff that she believed Jackson would be more able to achieve party unity than the sometimes abrasive Paredes. She also characterized him as more independent, having struck fewer deals in exchange for support in this campaign. Others, however, have criticized Jackson as devoid of ideas and initiatives. Both are seen as politicians who would be willing to do business with the Calderon administration: while Jackson may be ideologically closer to the President, Paredes is personally closer.

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But What Will They Win?

¶6. (C) While Paredes appears poised to win the party presidency, the question remains whether the position is a prize worth winning. In the 2006 national election, the party fell further than many thought possible, with its presidential candidate, Roberto Madrazo, finishing a distant third with only 22% of the vote. In congressional races, the party did slightly better, narrowly beating the PRD in the Senate, winning 25% of seats, and finishing third in the Chamber of Deputies with 21% of seats. While it continues to hold a majority of Mexico's 32 state houses, Mexican governors' terms are six years long and more than half of the PRI's 17 were won three or more years ago, at a time when the party's fortunes were far higher. This year will bring gubernatorial races in two states currently held by the PAN, Baja California and Yucatan, which would give the PRI the chance to show renewed support, although we would caution that personal factors often outweigh partisan ones in Mexican gubernatorial races.
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Patronage Not Principle

¶7. (C) Undoubtedly, the single greatest reason underlying the PRI's current woes is its reputation, after 70 years in power, for corruption and cronyism, a long-entrenched reputation that has proven difficult to shake. Indeed, the scandal involving Arturo Montiel, the PRI former governor of Mexico state (ref B), and the recent troubles in PRI-ruled Oaxaca (ref C), served only to remind many voters of what they liked least about the party. Moreover, while the party's most prominent legislative officials, Senate President Manlio Fabio Beltrones and Chamber of Deputies leader Emilio Gamboa Patron, are politically astute, both are seen as old-fashioned, back room politicians.

¶8. (C) More broadly, the PRI may be suffering the consequences of having developed over decades as a party of power rather than as a party of principle. Unlike the PAN and the PRD, which were founded on fairly clear philosophies -- even if not all of their factions are equally committed to the party orthodoxy -- the PRI's adherence to its founding, left-of-center philosophy is increasingly weak. Over time,

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many in the PRI abandoned the party's traditional, nationalist/statist approach, and gravitated to the free market-oriented technocratic policies of former Presidents Salinas and Zedillo. Without a clear ideology to unify its factions, perhaps the one force that kept the party together was political patronage, its ability to reward loyalists with political plums. As the party's fortunes decline, however, it's ability to reward loyalists -- particularly rising young stars -- has declined as well. Party loyalty alone will increasingly be inadequate to attract and keep promising young leaders in its ranks. During the 2006 campaign, two up-and-coming PRIistas who were excluded from the party's legislative lists told us that the PAN and PRD had offered them positions on their lists. While both turned those offers down, they admitted that it would be difficult to remain permanently loyal to a party that did not reward their efforts.
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Playing a Poor Hand Well

¶9. (C) Notwithstanding the party's current travails, PRI congressional leaders have played their relatively poor hand skillfully. Although the party is the third force there, the Calderon administration depends on its support to achieve a legislative majority. PRI congressional leaders -- including Senate President Manlio Fabio Beltrones -- have told us they are willing to do business with the Calderon administration, for a political price. Nevertheless, scoring concessions

from the Calderon administration will hardly give the PRI a record it can take to the voters in the 2009 midterm elections.

¶10. (C) Moreover, PRI insider David Penchyna told poloff that the PRI's congressional leaders may find it difficult to enforce party discipline within their faction, as individual legislators are far more beholden to their state governors than to the faction leadership. Penchyna asserted that within the ranks of the PRI's congressional faction, many see their leadership as interested primarily in their personal (and even pecuniary) benefit, not in the long-term well-being of the party. He added that as the PRI governors enjoy tremendous authority within their states, they have little personal interest in the emergence of a powerful national leadership, whether in the Congress or in the party's national hierarchy.

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Prisoner of Its Adversaries

¶11. (C) To a large extent, the PRI's future is dependent upon that of the PRD and the PAN, particularly the former. The PRD's second place finish in last year's national election came largely at the expense of PRI. If the PRI is to aspire even to second place in the 2009 midterm elections, it must recapture those former PRI voters who defected to the PRD. The PRI can consider itself lucky that to date, the PRD has managed to squander its best-ever electoral performance by supporting Andres Manuel Lopez Obrador's controversial post-electoral tactics. Having won over in 2006 many middle class Mexicans who were voting for change, the PRD's radical tilt may be scaring off those voters. Indeed, Senate Vice President Arroyo told poloff that a recent poll showed the PRI having climbed to a second place, 32% finish in public preferences, with the PAN enjoying 35% support and the PRD having slipped to a third place 29%. In that sense, the PRI's fortunes may turn in part on the success of the efforts of PRD moderates to bring their party back towards the center (septel), as well as upon the success of the Calderon administration.

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Comment: How The Mighty Have Fallen

¶12. (C) It is certainly too soon to write the PRI's post-mortem and either Paredes or Jackson would be far better for the party than its current ineffectual leadership. Nevertheless, the incoming party leader will face the difficult task of rebuilding a strong national party when many key players, in particular, the largely autonomous PRI governors, have little personal interest -- at least in the short-term -- in seeing a strong national leadership emerge. Ultimately, the PRI's best chance for long-term political survival will depend upon its success in shedding its corrupt

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past and positioning itself as a responsible party of the center-left -- much like Chile's Concertacion faction -- to balance out what many Mexicans perceive as the PRD's irresponsible radicalism and the PAN's myopia when it comes to the twin issues of poverty and inequality. Whether the PRI succeeds in doing so will depend as much as on whether the PRD continues to cede it the center-left, as whether the PRI's new leader can curb the conflicting personal ambitions of its cupola.

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